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Message Text

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PAGE 01 LA PAZ 03353 142111Z

10
ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01

PRS-01 /089 W
---------- 020294
R 142020Z MAY 75
FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC 6645

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E.O. 11652: N/A
TAGS: PFOR, EIND, ENRG, BL
SUBJECT: GULF OIL

REF: A. LA PAZ 3311; B. LA PAZ 3277

SUMMARY: IPE BUSINESS WEEKLY CHARGES THAT GULF MAY HAVE GOTTEN BETTER SETTLEMENT THAN IT SHOULD HAVE AND THAT AMBASSADOR CAPRILES HAD BEEN SELECTED BY GULF WERE MUCH AS DESCRIBED REF A. FOLLOWING MEETING BETWEEN MIN ENERGY AND MANAGER STATE OIL AND GAS COMPANY, HOWEVER, EDITOR OF IPE ISSUE PARTIAL RETRACTION, ESPECIALLY IN REGARD TO CAPRILES ROLE. PRESS INTERPRETS MIN PLAN/COORD STATE-MENTS AS MEANING GOB IS SUSPENDING INDEMNIFICATION PAYMENTS. FNCB LA PAZ STATES NO GOB ACTION TO DO SO TAKEN THROUGH THAT BRANCH. END SUMMARY.

1. IPE (WEEKLY BUSINESS NEWSLELLER) OF MAY 12 DEVOTES ENTIRE EDITION TO GULF CASE. BEGINS BY FAVORABLY QUOTING PORTION OF RADIO FIDES EDITIORIAL OF MAY 9. EDITORIAL STATES THAT ENTIRE MAJESTY OF THE STATE HAD TO BOW DOWN, WAITING PAST THE NINE P.M. DEADLINE UNTIL MIDNIGHT FOR LOW OFFICIAL OF THE GREAT PETROLEUM OCTOPUS.
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PAGE 02 LA PAZ 03353 142111Z

THEN GULF HANDED OVER OMINOUN PAPER. EDITORIAL CONCLUDES WITH

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

STATEMENT THAT BOLIVIA'S DIGNITY REQUIRES MORE ANGRY AND PRODUCTIVE GESTURES WHEN WORD OF THE STATE IS INVOLVED.

2. IPE MOVES ON TO STATE THAT A REPORT OF A SPECIAL COMMITTEE FORMED IN FEBRUARY, 1970 DEVELOPED FIVE ALTERNATIVES FOR PAYING GULF INDEMNIFICATION AND RECOMMENDED FIFTH WHICH IPE PRESENTS AS INVOLVING A) EXPORTING ONLY THROUGH PIPELINES TO ARGENTINA, THEREBY LOWERING EXPORTS AND PRESERVING RESERVES; B) EXTENDING PAYMENT PERIOD TO 20YEARS; AND C) CANCELLING ANY STILL UNPAID DEBT AT END OF 20 YEARS. IPE STATES THAT REPORT, WHICH EDITOR UNFORTUNATELY NO LONGER HAS IN HIS POSSESSION, ABSOLUTELY CLEAR THAT ANY ALTERNATIVE OTHER THAN FIFTH WOULD "SERVE ONLY GULF'S INTERESTS" AND THEN ASKS HOW REPORT WAS MANIPULATED, BY BRIBES? (COMMENT. OUR FILES INDICATE 1) THAT PIPELINE TO CONNECT WITH SICA-SICA/ARICA PIPELINE ALREADY HAD BEEN BUILT SO INVESTMENT IN IT WOULD HAVE BEEN FOR NOTHING HAD FIFTH ALTERNATIVE BEEN FOLLOWED, 2) PAYMENTS UNDER AGREEMENT SIGNED WITH GULF WERE EXPECTED TO LAST 20 YEARS AND 3) UNDER THAT AGREEMENT, ANY BALANCE UNPAID AT END OF 20 YEARS WOULD BE CANCELLED DEBT.)

3. OTHER IPE CHARGES AS STATED PARA 4 REF A. IPE CLOSES WITH ADVICE THAT LOCAL INVESTIGATION MIGHT CLEAR UP SOME OF QUESTIONS RAISED.

4. ACCORDING DIARIO MAY 14, MINISTER OF ENERGY AND HYDROCARBONS AND MANAGER OF STATE OIL AND GAS COMPANY (YPFB), ROLANDO PRADA, WHO REPORTEDLY SERVED ON 1970 SPECIAL COMMITTEE, MET MAY 13 FROM 3:00 P.M. TO AFTER 6:00P.M. TO CONSIDER IPE EDITION. MAY 14 NEWS-PAPERS CARRY PARTIAL RETRACTION BY IPE EDITOR, GONZALO LOPEZ (MUNOZ). RETRACTION STATES EDITION HAD CAUSED INTERPRETATIONS THAT DO NOT CORRESPOND TO REALITY AND THAT PARAGRAPH ABOUT AMBASSADOR CAPRILES WAS NOT SUFFICIENTLY CLEAR. GOES ON TO STATE THAT PRESTIGE AND CAPABILITIES OF ING. CAPRILES WERE CONSIDERED AS GUARANTY OF FAITHFUL IMPLEMENTATION OF SETTLEMENT WHICH SERVED INTERESTS OF BOLIVIA WHICH OTHERWISE WOULD NOT HAVE BEEN ABLE CONTINUE EXPORTS AND WOULD HAVE BEEN BLACKLISTED BY INVESTORS. NOTES THAT CASE OF GULF SOCIAL SECURITY DEBT WAS RESOLVED BY SUPREME COURT WHICH LOPEZ CLAIMS HE DID NOT KNOW. WITH RESPECT TO SETTLEMENT FORMULA, LOPEZ STATED IN RETRACTION THAT DECISION WAS MADE BY GEN. OVANDO-- "AND HAS NOTHING TO DO WITH PRESENT GOVERNMENT..." RETRACTION LIMITED OFFICIAL USE

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PAGE 03 LA PAZ 03353 142111Z

ALSO STATES (UNOFFICIAL TRANSLATION): "G. IPE CLEARLY SAYS THAT IF H.E. HAS NOT CALLED FOR OR DOES NOT CALL FOR AN INVESTIGATION IT IS BECUASE IT EXPECTS THAT GULF SHOULD MAKE ITS ACCUSATIONS CLEAR. THIS IS CLEAR IN IPE. ANOTHER MATTER IS THE CONVENIENCE SEEN IN MAKING PUBLIC THE DOCUMENTS EMERGING FROM THE NEGOTIATIONS OF 1970 AND WHICH LED TO THE ALREADY MENTIONED AGREEMENTS WITH GULF."

5. HOY CARRIES TEXT OF LETTER FROM RETIRED GEN. HUGO SUAREZ

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(GUZMAN), EX-MINISTER OF MINES, WHICH INSISTS ON NEED TO COMPLETLY CLARIFY MATTER.

6. NEWSPAPERS APPRAOCHED MIN PLAN/COORD, GEN. LECHIN ON QUESTION WHETHER GOB WAS SUSPENDING PAYMENTS TO GULF. PRESENCIA QUOTES LECHIN AS SAYING POSITION OF GOB IS CLEAR, CONTINUES AND IS BEING CARRIED OUT. HE CHARACTERIZED MEASURE AS FIRM, HONEST AND PATRIOTIC. NEWSPAPER INTERPRETED HIS STATEMENTS AS MEANING PAYMENTS ARE BEING SUSPENDED.

7. HOY EDITORIAL MAY 14 NOTES, HOWEVER, THAT GOB COMMUNIQUE (REF B) DID NOT REPEAT THREAT TO SUSPEND PAYMENTS WHICH EDITOR SAYS TACITLY MEANS THAT PRESSURE TACTIC WILL NOT BE USED IN "SECOND PHASE" OF SCANDAL CAUSED BY GULF. EDITORAL ALSO NOTES THAT GOB PREFERRED TO USE "DIRECT CHANNEL" TO EXEUCTIVE OF USG TO ACCELERATE CLARIFICATION OF MATTERS UNDER INVESTIGATION IN CONGRESS RATHER THAN REQUIRE FURTHER CLARIFICATION FROM GULF.

8. CHECK WITH FNCB LA PAZ REVEALS THAT GOB HAS NOT TAKEN ANY ACTION THROUGH LA PAZ BRANCH TO SUSPEND PAYMENTS. GOB ALSO HAS NOT COMMUNICATED TO EMBASSY ANY REQUEST FOR ACCELERATION OF USG INVESTIGATIONS OF GULF.
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